

Message Text

PAGE 01 NATO 05556 01 OF 04 191431Z

51

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00

USIE-00 CIAE-00 PM-07 INR-10 L-03 NSAE-00 PA-04

RSC-01 PRS-01 SPC-03 TRSE-00 SAJ-01 ACDA-19 SS-20

NSC-10 AF-10 EB-11 H-03 INT-08 SCEM-02 SCI-06 COME-00

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TO SECSTATE WASHDC IMMEDIATE 2734

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INFO AMEMBASSY ANKARA PRIORITY

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C O N F I D E N T I A L SECTION 1 OF 4 USNATO 5556

E.O. 11652: GDS

TAGS: PFOR, NATO

SUBJECT: DRAFT REPORT TO NATO MINISTERS ON MEDITERRANEAN SITUATION

REF: (A) STATE 227655; (B) USNATO 5446

PARAS 1-49 OF DPA(73)279 ARE QUOTED BELOW. TOGETHER WITH
REF B, ADDRESSEES THUS HAVE FULL TEXT THIS DOCUMENT TELEGRAPHICALLY.
SINCE DRAFTING OF MED REPORT ALREADY IN PROGRESS, REQUEST
DEPARTMENT'S COMMENTS AS SOON AS THEY ARE AVAILABLE.
BEGIN TEXT

DEVELOPMENTS IN THE MEDITERRANEAN MAY TO NOVEMBER 1973
CONFIDENTIAL

PAGE 02 NATO 05556 01 OF 04 191431Z

1. AT THEIR LAST MEETING, IN COPENHAGEN, ON 14TH AND
15TH JUNE, 1973, MINISTERS NOTED A REPORT ON THE SITUATION IN THE
MEDITERRANEAN (C-M(73)49(REVISED)) WHICH HAD BEEN PREPARED ON
THEIR INSTRUCTIONS BY THE COUNCIL IN PERMANENT SESSION. IN

PARAGRAPH 12 OF THEIR COMMUNIQUE, MINISTERS INSTRUCTED THE COUNCIL IN PERMANENT SESSION TO CONTINUE KEEPING A CLOSE WATCH ON DEVELOPMENTS AND TO REPORT TO THEM AT THEIR NEXT MEETING.

2. IN ACCORDANCE WITH THESE INSTRUCTIONS, THE COUNCIL IN PERMANENT SESSION ARRANGED FOR THE FOLLOWING REPORT TO BE PREPARED ON THE SITUATION IN THE MEDITERRANEAN. THIS REPORT, WHICH SHOULD BE REGARDED AS PART OF THE CONTINUING REVIEW OF, AND CONSULTATION ON THE SITUATION IN THE MEDITERRANEAN, BEGINS WITH AN ACCOUNT OF EVENTS AND DEVELOPMENTS SINCE JUNE 1973 AND GOES ON TO DESCRIBE HOW THESE EVENTS HAVE AFFECTED THE ANALYSIS OF THE SITUATION AND ITS IMPLICATIONS FOR THE ALLIANCE AS PRESENTED BY THE COUNCIL TO MINISTERS IN ITS PREVIOUS REPORTS.

K. NEW DEVELOPMENTS IN THE POLITICAL, MILITARY AND ECONOMIC SITUATION

A. POLITICAL

(A) BEFORE 6TH OCTOBER, 1973

EGYPT

3. IN RECENT MONTHS, PRESIDENT SADAT'S POSITION ON THE DOMESTIC FRONT HAD GRADUALLY BECOME STRONGER. IN THE FIELD OF FOREIGN POLICY, HE HAD SUCCEEDED IN VIRTUALLY POSTPONING THE PROPOSED UNION WITH LIBYA. AT THE SAME TIME, HE HAD PAVED THE WAY FOR A SPECTACULAR RAPPROCHMENT WITH KING FAISAL AND EMIRS OF THE PERSIAN GULF. IN THE COURSE OF THESE CONTACTS, HE APPARENTLY RECEIVED PROMISES OF FINANCIAL AID FROM THE SAUDI KING. THE POSSIBILITY OF USING THE "OIL WEAPON" AS A MEANS OF EXERTING PRESSURE IN THE CONTEXT OF THE ARAB-ISRAELI DISPUTE WAS ALSO DISCUSSED.

4. JUDGING FROM THE WAY HAFEZ ISMAEL, PRESIDENT SADAT'S SPECIAL ADVISER, WAS RECEIVED ON HIS VISIT TO MOSCOW IN JULY, SOVIET-EGYPTIAN RELATIONS HAD NOT APPARENTLY RECOVERED THEIR CONFIDENTIAL

PAGE 03 NATO 05556 01 OF 04 191431Z

FORMER CORDIALITY. INDEED, IN A MAJOR SPEECH MADE IN JULY, SADAT RECOGNIZED THAT MILITARY CO-OPERATION BETWEEN EGYPT AND THE USSR STILL LEFT MUCH TO BE DESIRED.

LIBYA

5. GADAFY HAD HAD TO FALL IN COMPLETELY WITH SADAT'S VIEWS REGARDING THE PROPOSED UNION BETWEEN THE TWO COUNTRIES. TO BE SURE, AN AGREEMENT WAS SIGNED ON 29TH AUGUST, BUT THE UNIFIED STATE FOR WHICH IT PROVIDES WILL COME INTO BEING ONLY AT THE END OF A GRADUAL PROCESS OF UNDETERMINED DURATION COMPRISING, INTER ALIA, THE CREATION OF A JOINT CONSTITUENT ASSEMBLY TO BE RESPONSIBLE FOR THE DRAFTING OF A COMMON CONSTITUTION. IN ACTUAL FACT, THE TOTAL UNION FORMULA HAS BEEN DROPPED. THE MACHINERY OF

BOTH STATES CONTINUES ITS SEPARATE EXISTENCE. FOR GADAFY, WHO HAD STAKED HIS WHOLE PRESTIGE ON THE OPERATION, THE SETBACK MUST BE BITTER.

6. IN AUGUST, 51 PERCENT OF THE ASSETS HELD BY THE UNITED STATES OIL COMPANIES IN LIBYA WERE NATIONALIZED.

7. THE LIBYAN GOVERNMENT TOOK MEASURES IN SEPTEMBER WHICH APPEAR TO AMOUNT TO AN EXTENSION OF "INTERNAL" WATERS.

8. THE CULTURAL REVOLUTION, WHICH WAS LAUNCHED LAST SPRING, HAS GATHERED MOMENTUM. PEOPLE'S COMMITTEES HAVE BEEN GIVEN WIDE RESPONSIBILITIES IN MANAGING THE COUNTRY.

SYRIA

9. TOWARDS THE END OF SUMMER, MANIFEST SIGNS OF FRICTION HAD APPEARED IN RELATIONS BETWEEN SYRIA AND THE SOVIET UNION, SO THAT SOME OBSERVERS WERE WONDERING WHETHER PRESIDENT ASSAD WOULD NOT FOLLOW SADAT'S LEAD AND SEND HOME THE SOVIET ADVISERS WORKING IN HIS COUNTRY.

JORDAN

10. THANKS MAINLY TO THE EFFORTS OF KING FAISAL, THE RETURN OF KING HUSSEIN TO THE ARAB FOLD HAD PROGRESSED CONSIDERABLY. FOLLOWING A SUMMIT MEETING IN CAIRO IN MID-SEPTEMBER BETWEEN CONFIDENTIAL

PAGE 04 NATO 05556 01 OF 04 191431Z

PRESIDENT SADAT, PRESIDENT ASSAD AND KING HUSSEIN, EGYPT AND SYRIA HAD BOTH RE-ESTABLISHED DIPLOMATIC RELATIONS WITH JORDAN. AT THE SAME MEETING, STEPS WERE TAKEN WITH REGARD TO REACTIVATING THE EASTERN FRONT WITH ISRAEL.

IRAQ

11. THE TALKS BETWEEN IRAQ AND KUWAIT WITH A VIEW TO SOLVING THE FRONTIER DISPUTE HAVE STILL NOT LED TO ANY RESULT.

12. DESPITE TEMPORARY DIFFICULTIES WHICH LED TO THE CLOSURE OF THE SOVIET, CZECH, AND EAST GERMAN CULTURAL CENTRES IN BAGHDAD, RELATIONS WITH THE SOVIET UNION ARE SEEMINGLY AS CORDIAL AS EVER. THE IRAQI BA'ATH AND COMMUNIST PARTIES HAVE ENTERED INTO A PACT FOR NATIONAL UNITY WHICH THE KURDISH DEMOCRATIC PARTY HAS, HOWEVER, REFUSED TO JOIN.

CONFIDENTIAL

PAGE 01 NATO 05556 02 OF 04 191444Z

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00

USIE-00 CIAE-00 PM-07 INR-10 L-03 NSAE-00 PA-04

RSC-01 PRS-01 SPC-03 TRSE-00 SAJ-01 ACDA-19 SS-20

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C O N F I D E N T I A L SECTION 2 OF 4 USNATO 5556

ISRAEL

1. MRS. GOLDA MEIR FINALLY AGREED TO STAND FOR THE NEXT ELECTIONS AS LEADER OF THE LABOUR PARTY. THE POSSIBILITY COULD NOT BE RULED OUT, HOWEVER, THAT SHE MIGHT, IN THE EVENT OF VICTORY AT THE ELECTIONS, STEP DOWN BEFORE HER TERM OF OFFICE EXPIRED. PUBLIC OPINION, LIKE OPINION WITHIN THE CABINET, WAS STILL DEEPLY DIVIDED OVER THE POLICY TO BE FOLLOWED WITH REGARD TO THE OCCUPIED TERRITORIES. THE LABOUR PARTY PLATFORM DID, HOWEVER, ENDORSE THE CONCEPT OF ANNEXATION.

OTHER COUNTRIES

CONFIDENTIAL

PAGE 02 NATO 05556 02 OF 04 191444Z

14. AT THE SUMMIT CONFERENCE OF NON-ALIGNED COUNTRIES IN ALGIERS, MALTA, IN ORDER TO WIN ADMISSION TO THIS GROUP OF STATES. UNDERTOOK TO PUT AN END TO THE WESTERN MILITARY PRESENCE ON ITS TERRITORY BY 1979.

15. A COMPROMISE FORMULA WAS REACHED AT THE END OF AUGUST ON THE MANNER IN WHICH ALGERIA AND TUNISIA, AS WELL AS OTHER INTERESTED MEDITERRANEAN COUNTRIES, SHOULD PRESENT THEIR VIEWS DURING THE SECOND STAGE OF THE CSCE, WHICH OPENED IN GENEVA ON 18TH SEPTEMBER.

(B) AFTER 6TH OCTOBER, 1973

16. ON 6TH OCTOBER, 1973, EGYPT AND SYRIA OPENED HOSTILITIES AGAINST ISRAEL ON THEIR RESPECTIVE FRONTS, EVIDENTLY A RESULT OF CO-ORDINATED ACTION.

17. VIRTUALLY THE WHOLE OF THE ARAB WORLD, WITH THE SURPRISING EXCEPTION OF LIBYA, RALLIED TO THE CAUSE, EITHER BY SENDING TROOPS OR IN OTHER WAYS. AFTER REMAINING NEUTRAL FOR A FEW DAYS, JORDAN DECIDED TO SEND A CONTINGENT TO THE SYRIAN FRONT BUT TOOK NO MILITARY ACTION ALONG THE JORDAN FRONTIER, WHICH THUS REMAINED UNAFFECTED BY THE FIGHTING.

18. ON 10TH OCTOBER, A SOVIET AIRLIFT WAS STARTED TO PROVIDE THE ARAB BELLIGERENTS WITH MASSIVE MILITARY AID. DURING THE FIRST FEW DAYS OF WAR, THE KREMLIN ALSO SENT A MESSAGE TO BOUMEDIENNE EXHORTING THE ARAB COUNTRIES TO GIVE THEIR FULL SUPPORT TO EGYPT AND SYRIA. BOUMEDIENNE VISITED MOSCOW UNEXPECTEDLY ON 14TH OCTOBER, NO DOUBT IN ORDER TO SOUND OUT SOVIET INTENTIONS REGARDING FUTURE DEVELOPMENTS. IN SO DOING, THE ALGERIAN PRESIDENT APPEARS TO HAVE ACTED IN HIS CAPACITY BOTH AS HEAD OF A LEADING ARAB STATE AND AS THE CURRENT PRESIDENT OF THE NON-ALIGNED GROUP.

19. THE UNITED NATIONS SECURITY COUNCIL CALLED FOR AN ON-THE-SPOT CEASEFIRE IN ITS RESOLUTION 338 OF 22ND OCTOBER, 1973. THIS INJUNCTION WAS REPEATED IN RESOLUTIONS 339 AND 340 OF 24TH AND 25TH OCTOBER RESPECTIVELY. THE LAST-MENTIONED RESOLUTION ALSO DECIDED ON THE DESPATCH TO THE WAR ZONE OF A UNITED NATIONS EMERGENCY FORCE MADE UP OF PERSONNEL DRAWN FROM UN MEMBER COUNTRIES OTHER THAN THE PERMANENT MEMBERS OF THE SECURITY COUNCIL.

PAGE 03 NATO 05556 02 OF 04 191444Z

20. EGYPT AND ISRAEL WERE FAIRLY QUICK TO ACCEPT THE CEASE-FIRE WHEREAS IT REQUIRED SOVIET APPROACHES TO DAMASCUS TO GET THE SYRIANS TO DO THE SAME. THAT THEY FINALLY DID SO WAS A POSITIVE FACTOR, CONSIDERING THAT THEY HAD REFUSED TO AGREE TO RESOLUTION 242. ON THE OTHER HAND, THE ARAB HARD-LINERS-IRAQ, LIBYA, ALGERIA AND KUWAIT-REJECTED THE CEASEFIRE.

21. AFTER THE ADOPTION OF RESOLUTION 340 OF 25TH OCTOBER, 1973, THE SOVIET UNION ANNOUNCED THAT IT WAS SENDING "REPRESENTATIVES" TO THE MIDDLE EAST TO SUPERVISE THE OBSERVANCE OF THE CEASE FIRE.

B. MILITARY(1)

(A) MAY TO 6TH OCTOBER

22. THERE WAS NO OBVIOUS CHANGE IN THE MILITARY SITUATION IN

THIS PERIOD. THE SOVIET PROVISION OF MILITARY EQUIPMENT CONTINUED TO SYRIA, EGYPT, ALGERIA AND MOROCCO, BUT APPARENTLY AT A REDUCED RATE.

23. THE MERGER OF LIBYA AND EGYPT WAS ANNOUNCED ON 29TH AUGUST. LIMITED MILITARY CO-OPERATION BETWEEN THE TWO COUNTRIES HAD BEEN EVIDENT IN SEVERAL WAYS IN RECENT MONTHS, INCLUDING EGYPTIAN SUBMARINES REPORTED TO BE PATROLLING OFF THE LIBYAN COAST, THE TRANSFER OF AIR DEFENCE EQUIPMENT AND TECHNICIANS FROM EGYPT TO LIBYA AND ACCORDING TO SOME REPORTS, AIRCRAFT FROM LIBYA TO EGYPT.

24. IN JULY, THE SOVIETS DEPLOYED TWO AMPHIBIOUS SHIPS TO THE MEDITERRANEAN SPECIFICALLY TO TRANSPORT A SECOND CONTINGENT OF MOROCCAN TROOPS TO SYRIA.

25. THERE WERE NO FURTHER INCIDENTS INVOLVING NATO FORCES IN THE LIBYAN RESTRICTED AREA (HLR 22).

NAVAL SITUATION
CONFIDENTIAL

PAGE 04 NATO 05556 02 OF 04 191444Z

26. THE SOVIET MEDITERRANEAN SQUADRON STILL IS THE ONLY PERMANENT SOVIET MILITARY PRESENCE IN THE AREA.

27. DURING THE PERIOD THE STRENGTH OF THE SQUADRON REMAINED FAIRLY CONSTANT TO 15-17 SURFACE COMBATANTS AND 10-12 SUBMARINES; INTELLIGENCE COLLECTION AND HYDROGRAPHIC OPERATIONS OF A ROUTINE

(1) THIS SECTION HAS BEEN SUB-DIVIDED INTO TWO PARTS, SINCE THE EVENTS PRIOR TO 6TH OCTOBER ARE NOW OF COMPARATIVELY ACADEMIC INTEREST AND SINCE THE NEW SITUATION CREATED BY THE WAR AND SOVIET ASSISTANCE TO THE ARABS IS TOO RECENT AND DYNAMIC TO PERMIT MORE THAN SUPERFICIAL OPINION, WITHOUT VENTURING FORECASTS FOR THE FUTURE.

NATURE CONTINUED. THE SQUADRON STILL LACKED AIR RECONNAISSANCE AND AIR STRIKE CAPABILITY. THE SHIPS WERE DEPLOYED AS USUAL TO OBSERVE NATO EXERCISES, AND TO SHADOW THE MAJOR US NAVAL UNITS, BUT FOR THE MOST PART THEY REMAINED IN THEIR USUAL PORTS AND ANCHORAGES.

AIR AND MISSILE SITUATION

28. THERE WAS NO CHANGE IN THE SOVIET AIR AND MISSILE SITUATION IN THE AREA; THE SOVIET MISSILE CAPABILITY VARIES FROM TIME TO TIME WITH THE CAPABILITY OF THE SHIPS DEPLOYED WITH THE SOVMEDRON. THERE WERE NO OTHER SOVIET MISSILES UNDER SOVIET CONTROL IN THE AREA.

29. THE AIR AND MISSILE CAPABILITY OF THE ARAB COUNTRIES

IN THE AREA CONTINUED TO BE IMPROVED WITH THE DELIVERY OF AIRCRAFT AND AIR DEFENCE MISSILES FROM THE SOVIET UNION. THE AIR DEFENCE POSTURE OF LIBYA WAS IMPROVED BY THE TRANSFER OF SURFACE-TO AIR MISSILES, ANTI-AIRCRAFT GUNS AND ASSOCIATED RADARS, INCLUDING SOME SA-6 (GAINFUL) EQUIPMENT OF SOVIET ORIGIN FROM EGYPT.

CONFIDENTIAL

PAGE 01 NATO 05556 03 OF 04 191455Z

51

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00

USIE-00 CIAE-00 PM-07 INR-10 L-03 NSAE-00 PA-04

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TO SECSTATE WASHDC IMMEDIATE 2736

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C O N F I D E N T I A L SECTION 3 OF 4 USNATO 5556

SOVIET BLOC ARMS DELIVERIES

30 THE SUPPLY OF ARMS TO THE ARAB COUNTRIES CONTINUED. THE QUANTITIES AND TYPES OF MATERIAL REPORTED BY VARIOUS SOURCES WERE COMPARATIVELY MINOR.

MINING OF LIBYAN WATERS

31. TWO SMALL COASTAL AREAS NEAR TRIPOLI WERE MINED IN JUNE. THE DETAILS OF THESE AREAS WERE NOT PUBLISHED IN ACCORDANCE WITH INTERNATIONAL PRACTICE UNTIL SOME TIME AFTER TWO GREEK MERCHANT SHIPS WERE DAMAGED, ONE OF WHICH SUBSEQUENTLY SANK. THE MINE-FIELDS ARE NEAR OKBA BIN NAFI AIRFIELD (WHEELUS FIELD) AND EXTEND
CONFIDENTIAL

PAGE 02 NATO 05556 03 OF 04 191455Z

FOUR MILES TO SEAWARD IN ONE PLACE, THUS INFRINGING INTERNATIONAL WATERS; HOWEVER, LIBYA HAS CLAIMED A 12 MILE LIMIT OF TERRITORIAL WATERS SINCE 1959.

(B) 6TH OCTOBER TO 30TH OCTOBER

32. THE MIDDLE EAST WAR STARTED ON 6TH OCTOBER.

33. THE REPORTED DIRECT SOVIET MILITARY SUPPORT TO THE ARAB NATIONS DURING THE WAR HAS BEEN TWO-FOLD:

(I) A DOUBLING OF THE NUMBERS OF THE SURFACE COMBATANTS AND AN ENLARGED SUBMARINE PRESENCE IN THE SOVMEDRON.

(II) A VERY SUBSTANTIAL AIR AND SEA LIFT OF MATERIAL.

THE ROLE OF THE SOVMEDRON

34. ONE OPINION OF THE ROLE OF THE SOMEDRON IN THE MIDDLE EAST WAR IS ATTACHED AT ANNEX A.

35. THE BUILD-UP OF TH SOVMEDRON AGAIN DEMONSTRATES THE SOVIET ABILITY AND WILLINGNESS TO CONCENTRATE SUITABLE NAVAL FORCES AT SHORT NOTICE AND TO DEPLOY THEM TO TROUBLE SPOTS TO SUPPORT THEIR INTERESTS. IT SHOULD HOWEVER BE BORNE IN MIND THAT THE PROXIMITY OF THE AREA TO THE BLACK SEA BASES MAKES IT VERY EASY UNDER PEACETIME CONDITIONS TO DEPLOY LARGE NUMBERS OF SURFACE SHIPS AND TO CONCENTRATE THEM IN THE EASTERN MEDITERRANEAN QUICKLY.

SOVIET AIRLIFT

36. A FEW DAYS AFTER THE CONFLICT STARTED A SOVIET AIRLIFT WAS ESTABLISHED TO EGYPT AND SYRIA PRESUMABLY TO MAKE GOOD THEIR LOSSES AND IT HAS CONTINUED FOR THE REST OF THE MONTH. IT IS ESTIMATED THAT THE SOVIET AIRLIFT COULD HAVE LIFTED A POTENTIAL OF 17,000 TONS TO EGYPT AND SYRIA COMBINED BY 30TH OCTOBER.

37. THE SOVIET ABILITY TO MOUNT AN AIRLIFT OF THIS MAGNITUDE OVER THESE ROUTE LENGTHS DEMONSTRATES THE FLEXIBILITY WHICH IS CONFIDENTIAL

PAGE 03 NATO 05556 03 OF 04 191455Z

PROVIDED BY THEIR VERY LARGE AIR TRANSPORT FORCE. IT SHOWS THEY CAN QUICKLY REINFORCE AN AREA SUBSTANTIALY WHEN IT IS IN THEIR INTEREST TO DO SO.

38. INDIRECT SUPPORT TO THE ARAB NATIONS' PREPARATIONS FOR THE RECENT WAR WAS EVIDENCED BY:

(I) THE DELIVERY OF ARMS:

(II) TRAINING.

THE SOVIET BLOC ARMS DELIVERIES

39. AS RECORDED EARLIER, THE ARMS DELIVERIES TO THE ARAB COUNTRIES CONTINUED. IN VIEW OF THE STATE OF PREPARADENESS OF THE ARABS ON 6TH OCTOBER, IT SEEMS THAT REPORTS OF QUANTITIES AND TYPES OF MATERIALS WERE PROBABLY VERY UNDER-ESTIMATED. FURTHERMORE, THE METHODS USED FOR THE DELIVERIES SUCCESSFULLY CONCEALED INDICATIONS OF THE NEW POTENTIAL OF THE ARAB COUNTRIES.

SOVIET TRAINING

40. IT SEEMS THAT SOVIET TRAINING PERMITTED THE ARABS TO ACQUIT THEMSELVES BETTER IN BATTLE THAN EVER BEFORE; BUT THIS POSSIBILITY NEEDS FURTHER ANALYSIS.

C. ECONOMIC

GENERAL TREND

41. THE CONFLICT BETWEEN ISRAEL AND SOME OF ITS NEIGHBOURS MAKES IT EXTREMELY DIFFICULT TO HAZARD A SHORT-TERM ECONOMIC FORECAST BASED ON AN ANALYSIS OF TRENDS IN THE MIDDLE EAST ECONOMIES IN THE SIX MONTH PERIOD FOLLOWING THE PREVIOUS REPORT. THE CONFLICT MUSH ENEVITABLY HAVE AN EFFECT ON THE ECONOMIC DEVELOPMENT OF SYRIA, EGYPT AND ISRAEL. THE MOBILIZATION OF NATIONAL RESOURCES HAS UNDOUBTEDLY DISRUPTED ACTIVITY IN THE VARIOUS ECONOMIC SECTORS AND WILL LEAD TO A SLOWER RATE OF GROWTH WHILE AT THE SAME TIME GENERATING A SHARP INCREASE IN DEFENCE EXPENDITURE. IT MAY NONETHELESS BE USEFUL TO RECALL BRIEFLY THE SITUATION IN THE AREA UNDER REVIEW AT THE CONFIDENTIAL

PAGE 04 NATO 05556 03 OF 04 191455Z

START OF THE ARAB-ISRAELI CONFLICT.

42. IN EGYPT, THE CHRONIC SHORTAGE OF FOREIGN CURRENCY HAD WORSENERD AND THE EGYPTIAN AUTHORITIES WERE MAKING, WHAT PROVED TO BE SUCCESSFUL, EFFORTS TO OBTAIN FUNDS FROM THE ARAB GULF COUNTRIES. IN LIBYA THE AUTHORITIES HAD PRACTICALLY TAKEN OVER CONTROL OF ALL THE OIL COMPANIES OPERATING IN THE COUNTRY. THIS ACTION IS BEING CHALLENGED IN THE COURTS BY THE BIG INTERNATIONAL COMPANIES AFFECTED BY NATIONALIZATION. THE ECONOMIC SITUATION OF SYRIA AND JORDAN WAS FAVOURABLE WHEREAS THE LEBANESE ECONOMY WAS JUST BEGINNING TO RECOVER FROM THE EVENTS OF MAY 1973 AND THE EFFECTS OF THE CLOSURE OF THE SYRIAN FRONTIER FOR SEVERAL WEEKS.

43. IN IRAQ, THE GOVERNMENT, AS PART OF ITS LONG-TERM PROJECTS, HAD DECIDED TO INCREASE THE THROUGHPUT OF THE PIPELINE LINKING THE KIRKUK OIL WELLS TO BANIAS IN SYRIA BY 10 MILLION

TONS. IN ADDITION, AN AGREEMENT HAD BEEN REACHED WITH TURKEY FOR THE CONSTRUCTION OF A 912 KM PIPELINE BETWEEN KIRDUK AND DORTYOL ON THE MEDITERRANEAN COAST WHICH SHOULD BE ABLE TO CARRY 35 MILLION TONS OF OIL PER ANNUM. WITH THESE PIPELINES, OIL OUTPUT IN NORTHERN IRAQ COULD BE BOOSTED TO OVER 100 MILLION TONS PER ANNUM.

44. IN ISRAEL, THE MAIN PROBLEM WAS STILL THE BALANCE OF PAYMENTS DEFICIT WHICH TOTALLED \$808 MILLION IN THE FIRST SEVEN MONTHS OF THE YEAR, MAKING 71 PERCENT MORE THAN FOR THE SAME PERIOD IN 1972.

CONFIDENTIAL

PAGE 01 NATO 05556 04 OF 04 191530Z

51
ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00

USIE-00 CIAE-00 PM-07 INR-10 L-03 NSAE-00 PA-04

RSC-01 PRS-01 SPC-03 TRSE-00 SAJ-01 ACDA-19 SS-20

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USDOCOSOUTH PRIORITY
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C O N F I D E N T I A L SECTION 4 OF 4 USNATO 5556

45. IN ALGERIA, THE SECOND PHASE OF THE AGRARIAN "REVOLUTION" BEGAN IN JUNE 1973 WITH THE DISTRIBUTION OF LAND TO PEASANTS FORMING CO-OPERATIVES. IN TUNISIA, THE 1973-1976 DEVELOPMENTS PLAN PROVIDES FOR AN AVERAGE ANNUAL ECONOMIC GROWTH RATE OF 5 PERCENT AND FOR INVESTMENTS TOTALLING 1 MILLIARD TUNISIAN DINARS IN FOUR YEARS. FOREIGN HELP WILL BE ESSENTIAL IF THESE AIMS ARE TO BE ACHIEVED. IN THIS CONNECTION, TUNISIA SEEMS TO BE SEEKING CLOSER ECONOMIC CO-OPERATION WITH LIBYA. MOROCCO'S 1973-1977 DEVELOPMENT PLAN PROVIDESFOR AN AVERAGE ANNUAL ECONOMIC

GROWTH RATE OF 7.5 PERCENT AND INVESTMENTS TALLING 26 MILLARD MOROCCAN DINARS. SPECIAL EMPHASIS WILL BE PLACED ON THE DEVELOPMENT OF LIGHT INDUSTRY. MOROCCO HOWEVER NEEDS SUBSTANTIAL FINANCIAL AND TECHNICAL HELP IF IT IS TO ACHIEVE ITS AMBITIOUS
CONFIDENTIAL

PAGE 02 NATO 05556 04 OF 04 191530Z

PLAN TARGETS.

THE OIL SECTOR

46. THE RELATIVE IMPROVEMENT NOTED DURING THE FIRST HALF OF THE YEAR IN RELATIONS BETWEEN THE INTERNATIONAL OIL COMPANIES AND THE MAJORITY OF ARAB OPEC COUNTRIES PROVED TO HAVE BEEN NOTHING BUT A LULL BEFORE THE STORM. ALL THE AGREEMENTS LABORIOUSLY WORKED OUT SINCE 1971, PARTICULARLY THOSE ON CRUDE OIL PRICES, ARE BACK IN THE MELTING POT.

47. THE OPEC COUNTRIES HAVE PUT A STOP TO THE PROCESS OF CONSULTATION WITH THE PRODUCING COMPANIES ON CHANGES IN THE POSTED PRICES OF CRUDE OIL. THE COUNTRIES IN THE ARAB-PERSIAN GULF HAVE, IN PRACTICAL TERMS, RAISED THESE BY 60 PERCENT; THE INCREASE IN SELLING PRICES FOR THE CONSUMER COUNTRIES WILL HOWEVER BE ONLY 17 PERCENT. LIBYA HAS PUT UP THE PRICE OF ITS FUEL BY 90 PERCENT AND ALGERIA HAS ALSO RAISED ITS PRICES TO CUSTOMERS UNILATERALLY BY 40 PERCENT.

48. CONSIDERABLE UNCERTAINTY THEREFORE HANGS OVER THE FUTURE OUTPUT OF THE ARAB OIL-PRODUCING COUNTRIES. UNTIL RECENT WEEKS, ARAB COUNTRIES TOOK OVER THE OIL INDUSTRY ON THEIR TERRITORY. THIS AIM HAS VIRTUALLY BEEN ACHIEVED SINCE THE COUNTRIES ALL HAVE A VARYING, BUT IN EVERY CASE LARGE, STAKE IN THE LOCAL OIL INDUSTRY. IN LESS THAN THREE YEARS, MOREOVER, THEY HAVE MANAGED TO BRING ABOUT SIGNIFICANT CHANGES IN THE RELATIONSHIPS WITHIN THE OIL INDUSTRY AND IN THIS THEY HAVE BEEN HELPED BY THE SUDDEN SHIFT FROM A SITUATION IN WHICH OUTPUT WAS SURPLUS TO REQUIREMENTS TO A SITUATION IN WHICH THE BALANCE BETWEEN THE OVERALL SUPPLY AND DEMAND IN HYDRO-CARBONS IS A VERY FINE ONE. IN ADDITION, THE USE OF OIL AS A MEANS OF POLITICAL PRESSURE IS A FACTOR WHICH CAN NO LONGER BE IGNORED AND AGAINST WHICH NEITHER THE CONSUMER COUNTRIES NOR THE OIL COMPANIES CAN DIRECTLY FOREARM THEMSELVES.

49. AS MATTERS NOW STAND, CONSUMER COUNTRIES ARE FACED WITH A TWO-FOLD PROBLEM:

-THE PIPELINE BETWEEN IRAQ AND SYRIA HAS BEEN CLOSED DOWN COMPLETELY AND THE BRANCH PIPELINE LINKING UP WITH A
CONFIDENTIAL

PAGE 03 NATO 05556 04 OF 04 191530Z

LEBANESE TERMINAL, THOUGH STILL IN ACTION, IS OPERATING

AT A REDUCED REATE. ANNUAL THROUGHOUT OF THESE LINES IS
55 MILLION TONS. THE TAPLINE PIPELINE BETWEEN SAUDI
ARABIA AND THE LEBANON IS OPERATING ONLY 50 PERCENT OF ITS
OF ITS ANNUAL CAPACITY OF 25 MILLION TONS.

-THE ARAB COUNTRIES HAVE DECIDED TO CUT BACK OIL
PRODUCTION BY AT LEAST 5 PERCENT PER MONTH. IN FACT, MOST OF
THEM, FOLLOWING THE SAUDI ARBIAN EXAMPLE, HAVE DECIDED
ON ANIMMEDIATE 10 PERCENT CUTBACK. IT WOULD APPEAR THAT ALL
THE ARAB COUNTRIES HAVE BANNED EXPORTS TO THE UNITED
STATES. IN ADDITION, ALGERIA AND IRAQ HAVE DECEIDED
TO TAKE ACTION AGAINST THE NETHERLANDS THROUGH ITS
OIL SUPPLIES. END TEXT.
RUMSFELD

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: mcintyresh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NATO05556
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731165/abqcedjf.tel
Line Count: 611
Locator: TEXT ON-LINE
Office: n/a
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 12
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) STATE 227655; (B) USNATO 5446
Review Action: RELEASED, APPROVED
Review Authority: mcintyresh
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jul-2001 by boyleja>; APPROVED <23-Aug-2001 by mcintyresh>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DRAFT REPORT TO NATO MINISTERS ON MEDITERRANEAN SITUATION
TAGS: PFOR, NATO
To: STATE
SECDEF INFO ANKARA
ATHENS
LONDON
PARIS
ROME PRIORY
USDOCOSOUTH

USNMR SHAPE
USCINCEUR

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005